

NOTICE OF PROPOSED INCREASES TO

The City of San Bruno's Water and Wastewater Rates

The San Bruno City Council is considering increases to the water and wastewater monthly services charges and consumption rates. Consistent with Proposition 218, property owners are being notified of the proposed rate increases. Any written protests of the proposed rate increases must be submitted no later than September 12, 2006.



The City must cover its costs to continue providing high quality water and wastewater service to our customers. The water and wastewater enterprises rely exclusively on revenue from customer charges; taxes do not support the enterprises nor is federal or state grant funding available for this purpose. As a public agency, by state law, the City may not collect more revenue than is necessary to recover the annual costs of providing the service.

To address these critical community needs, the City is considering rate increases to fund necessary operating and capital improvement costs. Several factors figured into this proposed rate increases, including:

- Increases in costs for power, chemicals, and the other resources necessary to
 produce and distribute drinking water, and then collect and transport wastewater to
 the jointly owned South San Francisco-San Bruno Wastewater Treatment Plant for
 treatment to ever more stringent State Regional Water Quality Control Board
 standards.
- Increase in the cost of our imported water supplies from the San Francisco Public Utilities Commission (SFPUC). A nearly 20 percent jump in the cost of water that San Bruno buys wholesale from the SFPUC is expected next year, and 8-10 percent the following year.
- Capital improvement projects to be built in the next few years that are needed to help comply with drinking water regulations and public health standards, and maintain water supply reliability.

Capital projects a major reason for raising water and sewer rates

The City of San Bruno has a very old utility system, with over 150 miles each of water distribution pipelines and wastewater collection mains that are up to 100 years old. Many sewer lines are partially blocked with tree roots that can result in sewer backups. Numerous sewer mains are located in inaccessible backyard easements or under houses. Although the City has significantly expanded its sewer maintenance program in recent years, this effort alone cannot keep up with the problem.

Many water lines in the older areas in the City are undersized and do not provide reliable flows for fire protection. The water tanks and pump stations require seismic retrofitting to improve system reliability and ability to withstand a major earthquake.

Future price increases in the cost of wholesale water purchased from the SFPUC are also expected to be significant, as San Francisco undertakes its own major capital improvement program to ensure reliability of the Hetch-Hetchy system that delivers wholesale water supplies to the Bay Area. San Bruno obtains approximately 50 percent of its annual water from the SFPUC.

What are the proposed rates?

The proposed changes in rates over the next three years are presented in detail in the charts below. The amount of your utility bill will depend on the units of water consumed, the wastewater charge (using the water consumption amount from the previous December to April period), and the service charges. In the first year, the new average bi-monthly bill for a single-family residential customer will increase from \$65.30 to \$70.56 for water and from \$68.42 to \$79.32 for wastewater.

How is the City going to spend the money?

The City plans to invest \$50 million in the comprehensive capital improvement program over the next 10 years for water and sewer system rehabilitation and replacement. The first phase of this multi-year construction program on the sewer system started in 2001. The on-going program will include installing larger water and sewer pipes in the street for better flow and easy access. The City will also make needed improvements to its aging pump stations and water reservoir tanks, and pay for its proportional share of expansion and improvement of wastewater treatment facilities jointly owned with the City of South San Francisco. In the next three years, to assure the continued reliability of the water and wastewater systems, the City plans to undertake the following capital improvement projects:



- Tank Modifications/Seismic Retrofit Program (\$950,000)
- Pump Station No. 5 (Maple Avenue) Replacement (\$1,500,000)
- Pump Station No. 4 (College Drive) Replacement (\$1,800,000)
- New Tank No. 11 (\$1,000,000 of \$2,000,000 total project)
- Rollingwood Relief Sewer Project (\$3,400,000)
- Olympic Pump Station Rehabilitation and Force Main (\$2,000,000)
- Wastewater Pipeline Improvement and Replacement Program (\$1,500,000)

How do these rates compare with other local agencies?

Minimizing rate increases is an important goal at San Bruno. Even with these proposed rate increases, San Bruno's rates will continue to remain reasonable when compared to those charged in other local cities and special districts. Comparative information on rates charged in other San Mateo County communities can be found on the City of San Bruno's website.

Rate increase approval process

The City Council will hold a public hearing at the City Council meeting to be held on Tuesday, September 12, 2006, at 7:00 p.m. at the San Bruno Senior Center, 1555 Crystal Springs Road. At the hearing, the City Council will consider public comments, as well as any written protests against the proposed water/wastewater rate increases that have been received prior to the meeting. If you would like more information about the proposed water/wastewater rate increases, visit www.sanbruno.ca.gov and click on "Proposed Water and Wastewater Rates & Charge Increases," or call (650) 616-7065. If you wish to file a written protest, please send a letter or post card addressed to: Water/Wastewater Rates, 567 El Camino Real, San Bruno, CA 94066. Your letter must identify the property you own by County Assessor's Parcel Number (APN), the owner(s) of the property, and it must be signed by at least one owner of record. The City must receive a protest letter or postcard no later than September 12, 2006.

Proposed Water Rates

The current rate structure for water service consists of a monthly service charge based on size of water meter plus a quantity charge for all metered consumption of water. The proposed increases will be effective for all water bills mailed on or after October 27, 2006, as follows:

		Current	Proposed Monthly	Proposed Monthly	Proposed Monthly
Meter Size		Monthly	Service Charge	Service Charge	Service Charge
		Service Charge	October 27, 2006	July 1, 2007	July 1, 2008
Residential	3/4 "	\$ 7.90	\$ 8.73	\$ 9.40	\$ 10.18
	1 "	\$ 11.12	\$ 11.93	\$ 12.84	\$ 13.91
	1-1/2 "	\$ 22.25	\$ 22.25	\$ 22.25	\$ 23.24
Multi-Family,	2 "	\$ 35.39	\$ 35.39	\$ 35.39	\$ 35.39
Business,	4 "	\$ 76.10	\$ 83.93	\$ 90.34	\$ 97.88
Commercial,	6 "	\$ 148.66	\$ 163.92	\$ 176.46	\$ 191.17
	8 "	\$ 264.75	\$ 291.91	\$ 314.24	\$ 340.44
Industrial	10 "	\$ 424.37	\$ 467.91	\$ 503.69	\$ 545.68

Quantity Charges for each Unit* of Water Consumed per Billing Period (two months)	Current Charge	Proposed Charge October 27, 2006	Proposed Charge July 1, 2007	Proposed Charge July 1, 2008
Single-Family Residential: 0-18 units	\$ 2.75	\$ 2.95	\$ 3.17	\$ 3.43
Each unit in excess of 18 units	\$ 3.72	\$ 4.48	\$ 4.93	\$ 5.20
All Other Accounts: Each unit	\$ 2.92	\$ 3.22	\$ 3.48	\$ 3.74

^{*}One unit of water equals 100 cubic feet or 748 gallons

Any account for which the City of San Bruno must procure water from North Coast County Water District to provide service to the account shall also be charged a Differential Cost of Supply Charge reflecting the higher cost of water procured from this source (projected to be \$1.94 per hundred cubic feet of water consumed by the account in 2006-07.)

The amount by which the water bills at any particular property will be affected by these rate increases depends on the size of the meter connection and the amount of water consumed. Water customers meeting the definition of low income may receive a reduction in their service billing in accordance with program guidelines as determined by City Council resolution. The increases are being proposed in order to offset a projected 16.7% increase in the cost of wholesale water from San Francisco and projected increased capital costs associated with the replacement and rehabilitation of the City's water utility infrastructure.

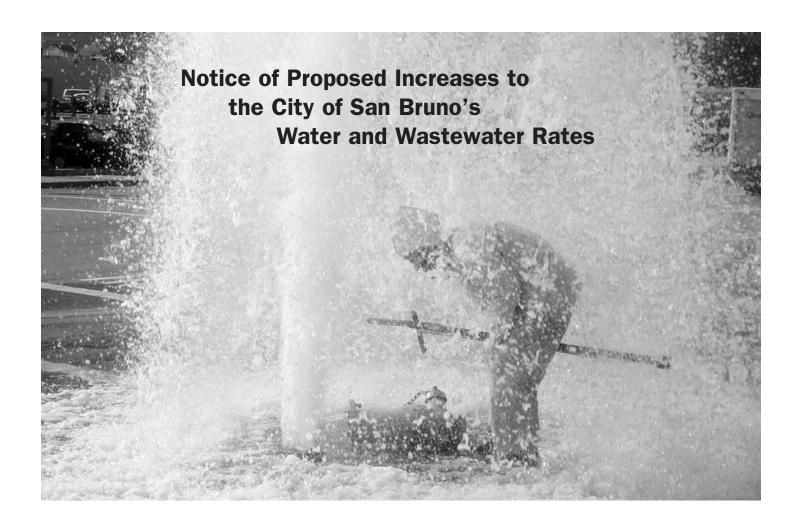
Proposed Wastewater Rates

The current rate structure for wastewater service consists of a uniform monthly service charge for all properties, plus a quantity charge based on metered water use. For all residential accounts, the quantity charge is based on the average metered water use consumed through two billing periods during the winter months (December to April). All references to "unit" where applicable to measurement of water represent one hundred (100) cubic feet of water or 748 gallons. The proposed increases will be effective for all wastewater bills mailed on or after October 27, 2006, as follows:

Monthly Service Charge	Current Monthly Service Charge	Proposed Monthly Service Charge October 27, 2006	Proposed Monthly Service Charge July 1, 2007	Proposed Monthly Service Charge July 1, 2008
All accounts	\$ 9.89	\$ 10.46	\$ 12.13	\$ 13.73

Quantity Charges Based on Property Classification		Current Charge	Proposed Charge October 27, 2006	Proposed Charge July 1, 2007	Proposed Charge July 1, 2008
All	I Residential	\$ 3.04	\$ 3.65	\$ 4.19	\$ 4.71
	C - 1	\$ 3.10	\$ 3.73	\$ 4.29	\$ 4.82
Commercial	C - 2	\$ 3.70	\$ 4.46	\$ 5.12	\$ 5.76
Commercial	C - 3	\$ 4.26	\$ 5.14	\$ 5.91	\$ 6.64
	C - 4	\$ 5.71	\$ 6.84	\$ 7.87	\$ 8.86
Government	G	\$ 3.04	\$ 3.66	\$ 4.21	\$ 4.72
	I - 1	\$ 3.10	\$ 3.73	\$ 4.29	\$ 4.82
Industrial	l - 2	\$ 2.71 + \$0.03/lb COD + \$0.12/lb SS	\$ 3.26 + \$0.04/lb COD + \$0.15/lb SS	\$ 3.75 + \$0.05/lb COD + \$0.17/lb SS	\$ 4.21 + \$0.05/lb COD + \$0.19/lb SS

The amount by which the wastewater bills at any particular property will be affected by these rate increases depends on the amount of water consumed; for residential properties, on the amount of water consumed during two billing periods occurring between the previous December and April. Wastewater customers meeting the definition of low income may receive a reduction in their service billing in accordance with program guidelines as determined by City Council resolution.



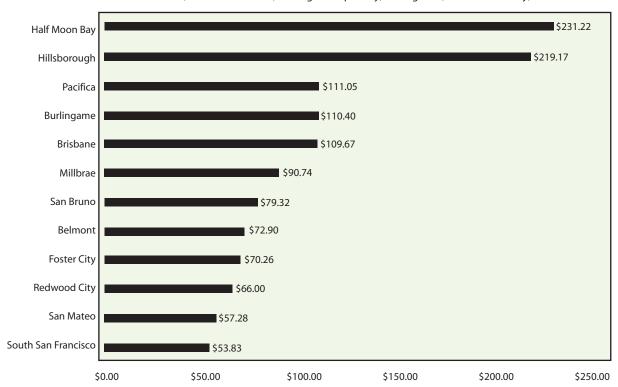
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Average Residential Sewer Bill Cost Comparison

(Based on 16 units (or 200 gallons per day) average use, billed bi-monthly)



Average Residential Water Bill Cost Comparison

(Based on 18 units (or 225 gallons per day) average use, billed bi-monthly)

